

# HOUSE BILL REPORT

## SHB 2289

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### As Passed Legislature

**Title:** An act relating to hospital efficiencies. .

**Brief Description:** Limiting hospital participation for medical assistance programs.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Sommers and Cody).

#### **Brief History:**

##### **Committee Activity:**

Appropriations: 3/31/05, 4/2/05 [DPS].

##### **Floor Activity:**

Passed House: 4/19/05, 55-43.

Passed Senate: 4/23/05, 31-17.

Passed Legislature.

#### **Brief Summary of Substitute Bill**

- Places a moratorium on additional hospitals receiving critical access hospital payments for services provided to medical assistance clients.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia and Schual-Berke.

**Minority Report:** Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Bailey, Buri, Clements, Hinkle, Pearson, Priest, Talcott and Walsh.

**Staff:** Amy Hanson (786-7118).

#### **Background:**

The Federal Balanced Budget Act of 1997 established the Critical Access Hospital Program (Program). Through the Program, the federal Centers for Medicare and Medicaid Services use a cost-based approach to reimburse certain rural hospitals for services provided to Medicare clients. This Program, after certifying that a hospital meets the specified eligibility criteria,

provides the hospital with a higher rate of reimbursement than is otherwise paid under Medicare.

A similar reimbursement system for the state's medical assistance programs was established in 2001 to reimburse Critical Access Hospitals based on allowable costs for services provided to persons enrolled in the Department of Social and Health Services Medical Assistance programs. Washington currently has 37 hospitals certified as critical access hospitals.

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**Summary of Substitute Bill:**

A moratorium is placed on additional hospitals receiving reimbursement based on allowable costs as a critical access hospital for services provided to medical assistance clients. Hospitals that have applied for certification prior to January 1, 2005, will, if certified, be eligible for the allowable cost-based medical assistance reimbursement.

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**Appropriation:** None.

**Fiscal Note:** Requested on March 31, 2005.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** None.

**Testimony Against:** None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.